Jan 72 - Sec 200

200. TAXATION

The financing pattern of the State laws is influenced by the Federal Unemployment Tax Act, since employers may credit toward the Federal payroll tax the State contributions which they pay under an approved State law. They may credit also any savings on the State tax under an approved experience-rating plan. There is no Federal tax levied against employees.

The increase in the Federal payroll tax from 3.0 percent to 3.1 percent, effective January 1, 1961, and from 3.1 percent to 3.2 percent, effective January 1, 1970, did not change the base for computing the credit allowed employers for their contributions under approved State laws. The total credit continues to be limited to 90 percent of 3.0 percent, exactly as it was prior to these increases in the Federal payroll tax.

205 Source of Funds

All the States finance unemployment benefits mainly by contributions from subject employers on the wages of their covered workers; in addition, three States collect employee contributions. The funds collected are held for the States in the unemployment trust fund in the U.S. Treasury, and interest is credited to the State accounts. Money is drawn from this fund to pay benefits or to refund contributions erroneously paid.

States with depleted reserves may, under specified conditions, obtain advances from the Federal unemployment account to finance benefit payments. If the required amount is not restored by November 10 of a specified taxable year, the allowable credit against the Federal tax for that year is decreased in accordance with the provisions of section 3302(c) of the Federal Unemployment Tax Act.

205.01 Employer contributions.--In most States the standard rate--the rate required of employers until they are qualified for a rate based on their experience--is 2.7 percent, the maximum allowable credit against the Federal tax. Similarly, in most States, the employer's contribution, like the Federal tax, is based on the first $4,200 paid to (or earned by) a worker within a calendar year. Deviations from this pattern are shown in Table 200.

Most States follow the Federal pattern in excluding from taxable wages payment by the employer of the employees' tax for Federal old-age and survivors insurance, and payments from or to certain special benefit funds for employees. Under the State laws, wages include the cash value of remuneration paid in any medium other than cash and, in many States, gratuities received in the course of employment from other than the regular employer.

In every State an employer is subject to certain interest or penalty payments for delay or default in payment of contributions, and usually he incurs penalties for failure or delinquency in making reports. In addition, the State administrative agencies have legal recourse to collect contributions, usually involving jeopardy assessments, levies, judgments, liens, and civil suits.

The employer who has overpaid is entitled to a refund in every State. Such refunds may be made within time limits ranging from 1 to 6 years; in a few States no limit is specified.

205.02 Standard rates.--The standard rate of contributions under all but eight State laws is 2.7 percent. In New Jersey, the standard rate is 2.8 percent; Alaska, 2.9; Hawaii, Ohio, and Nevada, 3.0; Montana, 3.1; and North Dakota, 4.2. In Nevada the 3.0 percent rate applies only to unrated employers. In Idaho the standard rate is 2.7 percent if the ratio of the unemployment fund, as of the computation date, to the total payroll for the fiscal year is 4.25 percent or more; when the ratio falls below this point, the standard rate is 2.9 percent and, at specified lower ratios, 3.1 or 3.3 percent.

While, in general, new and newly-covered employers pay the standard rate until they meet the requirements for experience rating, in some States they may pay a lower rate (Table 201) while in six other States they may pay a higher rate because of provisions requiring *all* employers to pay an additional contribution. In Wisconsin an additional rate of 1.3 percent will be required of a new employer if his account becomes overdrawn *and* his payroll is $20,000 or more. In addition, a solvency rate (determined by the fund's treasurer) may be added for a new employer with a 4.0 percent rate (Table 205, footnote 12). In the other five States, the additional contribution provisions are applied when fund levels reach specified points or to restore to the fund amounts expended for noncharged or ineffectively charged benefits. Ineffectively charged benefits include those paid and charged to inactive and terminated accounts and those paid and charged to an employer's experience rating account after the previously charged benefits to his account were sufficient to qualify him for the maximum contribution rate. See section 235 for noncharging of benefits. The maximum total rate that would be required of new or newly-covered employers under these provisions is 3.2 percent in Missouri; 3.5 percent in Ohio; 3.7 percent in New York; and 4.2 percent in Delaware. No maximum rate is specified for new employers in Wyoming.

205.03 Taxable wage base.--Only a few States have adopted a higher tax base than that provided in the Federal Unemployment Tax Act. In these States an employer pays a tax on wages paid to (or earned by) each worker within a calendar year up to the amount specified in Table 200. In addition, most of the States provide an automatic adjustment of the wage base if the Federal law is amended to apply to a higher wage base than that specified under State law (Table 200).

205.04 Employee contributions.--Only Alabama, Alaska, and New Jersey collect employee contributions and of the nine States[1] that formerly collected such contributions, only Alabama and New Jersey do so now. In Alabama and New Jersey the tax is on the first $4,200 received from one or more employers in a calendar year and in Alaska on the first $7,200. The employee contributions are deducted by the employer from the workers' pay and sent with his own contribution to the State agency. In Alabama employees pay contributions of 0.5 percent only when the fund is below the minimum normal amount; otherwise, employees are not liable for contributions. In Alaska the standard employee rate is 0.6 percent; under the experience-rating system the employee contribution rates vary from 0.3 percent to 0.9 percent, as the employer's rate varies from the minimum to the maximum. In New Jersey employees pay 0.25 percent for unemployment insurance purposes.

205.05 Financing of administration.--The Social Security Act undertook to assure adequate provisions for administering the unemployment insurance program in all States by authorizing Federal grants to States to meet the total cost of "proper and efficient administration" of approved State unemployment insurance laws.

---

[1] Alabama, California, Indiana, Kentucky, Louisiana, Massachusetts, New Hampshire, New Jersey, and Rhode Island.

Thus, the States have not had to collect any tax from employers or to make any appropriations from general State revenues for the administration of the employment security program which includes the unemployment insurance program.

Receipts from the residual Federal unemployment tax--0.3 percent of taxable wages through calendar year 1960, 0.4 percent through calendar year 1969, and 0.5 thereafter--are automatically appropriated and credited to the employment security administration account--one of three accounts--in the Federal Unemployment Trust Fund. Congress appropriates annually from the administration account the funds necessary for administering the Federal-State employment security program. A second account is the Federal unemployment account. Funds in this account are available to the State for non-interest bearing repayable advances to States with low reserves with with which to pay benefits. A third account--the extended unemployment compensation account--is used to reimburse the States for the Federal share of Federal-State extended benefits.

On June 30 of each year the net balance and the excess in the employment security administration account are determined. Under P.L. 91-373, enacted in 1970, no transfer from the administration account to other accounts is made until the amount in that account is equal to 40 percent of the amount appropriated by the Congress for the fiscal year for which the excess is determined. Transfers to the extended unemployment compensation account from the employment security administration account are equal to one-tenth (before April 1972, one-fifth) of the net monthly collections. After June 30, 1972, the maximum fund balance in the extended unemployment compensation account will be the greater of $750 million or 0.125 percent of total wages in covered employment for the preceding calendar year. At the end of the fiscal year, any excess not retained in the administration account or not transferred to the extended unemployment compensation account is used first to increase the Federal unemployment account to the greater of $550 million or 0.125 percent of total wages in covered employment for the preceding calendar year. Thereafter, except as necessary to maintain legal maximum balances in these three accounts, excess tax collections are to be allocated to the accounts of the States in the Unemployment Trust Fund in the same proportion that their covered payrolls bear to the aggregate covered payrolls of all States.

The sums allocated to States' Trust accounts are to be generally available for benefit purposes. Under specified conditions a State may, however, through a special appropriation act of its legislature, utilize the allocated sums to supplement Federal administrative grants in financing its operation. Forty-two[2] States have amended their unemployment insurance laws to permit use of some of such sums for administrative purposes, and most States have appropriated funds for buildings, supplies, and other administrative expenses.

205.06 Special State funds.--Forty-six[3] States have set up special administrative funds, made up usually of interest on delinquent contributions, fines and penalties, to meet special needs. The most usual statement of purpose includes one or more of these three items: (1) to cover expenditures for which Federal funds have been requested but not yet received, subject to repayment to the fund; (2) to pay costs of administration found not to be properly chargeable against funds obtained from Federal sources; and (3) to replace funds lost or improperly expended for purposes other than, or in amounts in excess of, those found necessary for proper administration.

---

[2] All States except Colorado, Delaware, District of Columbia, Illinois, New Hampshire, North Carolina, Oklahoma, Pennsylvania, Puerto Rico, and South Dakota.

[3] All States except Hawaii, Mississippi, Montana, North Dakota, Oklahoma, and Rhode Island.

A few of these States provide for the use of such funds for the purchase of land and erection of buildings for agency use, and North Carolina, for enlargement, extension, repairs or improvement of buildings. In New York the fund may be used to finance training, subsistence, and transportation allowances for individuals receiving approved training. In Puerto Rico the fund may be used to pay benefits to workers who have partial earnings in exempt employment. In some States the fund is limited; when it exceeds a specified sum ($1,000 to $250,000) the excess is transferred to the unemployment compensation fund.

210 Type of Fund

The first State system of unemployment insurance in this country (Wisconsin) set up a separate reserve for each employer. To this reserve were credited the contributions of the employer and from it were paid benefits to his employees so long as his account had a credit balance. Most of the States enacted "pooled-fund" laws on the theory that the risk of unemployment should be spread among all employers and that workers should receive benefits regardless of the balance of the contributions paid by the individual employer and the benefits paid to his workers. All States now have pooled unemployment funds.

215 Experience Rating

All State laws, except Puerto Rico, have in effect some system of experience rating by which individual employers' contribution rates are varied from the standard rate on the basis of their experience with the risk of unemployment.

215.01 Federal requirements for experience rating.--State experience-rating provisions have developed on the basis of the additional credit provisions of the Social Security Act, now the Federal Unemployment Tax Act, as amended. The Federal law allows employers additional credit for a lowered rate of contribution if the rates were based on not less than 3 years of "experience with respect to unemployment or other factors bearing a direct relation to unemployment risk." This requirement was modified by amendment in 1954 which authorized the States to extend experience-rating tax reductions to new and newly covered employers after they have had at least 1 year of such experience. The requirement was further modified by the 1970 amendments which permitted the States to allow a reduced rate (but not less than one percent) on a "reasonable basis".

215.02 State requirements for experience rating.--In most States 3 years of experience with unemployment means more than 3 years of coverage and contribution experience. Factors affecting the time required to become a "qualified" employer include (1) the coverage provisions of the State law ("at any time" vs. 20 weeks; Table 100); (2) in States using benefits or benefit derivatives in the experience-rating formula, the type of base period and benefit year and the lag between these two periods, which determine how soon a new employer may be charged for benefits; (3) the type of formula used for rate determinations; and (4) the length of the period between the date as of which rate computations are made and the effective date for rates.

220 Types of Formulas for Experience Rating

Under the general Federal requirements, the experience-rating provisions of State laws vary greatly, and the number of variations increases with each legislative year. The most significant variations grow out of differences in the formulas used for rate determinations. The factor used to measure experience with unemployment is the basic variable which makes it possible to establish the relative incidence of unemployment among the workers of different employers. Differences in such experience represent the major justification for differences in tax rates, either to provide an

incentive for stabilization of unemployment or to allocate the cost of unemployment. At present there are five distinct systems, usually identified as reserve-ratio, benefit-ratio, benefit-wage-ratio, compensable-separations, and payroll-decline formulas. A few States have combinations of the systems.

In spite of significant differences, all systems have certain common characteristics. All formulas are devised to establish the relative experience of individual employers with unemployment or with benefit costs. To this end, all have factors for measuring each employer's experience with unemployment or benefit expenditures, and all compare this experience with a measure of exposure--usually payrolls--to establish the relative experience of large and small employers. However, the five systems differ greatly in the construction of the formulas, in the factors used to measure experience and the methods of measurement, in the number of years over which the experience is recorded, in the presence or absence of other factors, and in the relative weight given the various factors in the final assignment of rates.

220.01 Reserve-ratio formula.--The reserve ratio was the earliest of the experience-rating formulas and continues to be the most popular. It is now used in 32 States (Table 200). The system is essentially cost accounting. On each employer's record are entered the amount of his payroll, his contributions, and the benefits paid to his workers. The benefits are subtracted from the contributions, and the resulting balance is divided by the payroll to determine the size of the balance in terms of the potential liability for benefits inherent in wage payments. The balance carried forward each year under the reserve-ratio plan is ordinarily the difference between the employer's total contributions and the total benefits received by his workers since the law became effective. In the District of Columbia, Idaho, and Louisiana, contributions and benefits are limited to those since a certain date in 1939, 1940, or 1941, and in Rhode Island they are limited to those since October 1, 1958. In Missouri they may be limited to the last 5 years if that works to an employer's advantage. In New Hampshire an employer whose rate is determined to be 3.5 percent or over may make an irrevocable election to have his rate computed thereafter on the basis of his 5 most recent years of experience. However, his new rate may not be less than 2.7 percent except for uniform rate reduction based on the fund balance. Michigan excludes the year 1938 and a specified portion of benefits for the year ended September 30, 1946 (Table 202).

The payroll used to measure the reserves is ordinarily the last 3 years but Massachusetts, Michigan, New York, South Carolina, Tennessee, and Wisconsin figure reserves on the last year's payrolls only. Idaho and Nebraska use 4 years. Arkansas gives the employer the advantage of the lesser of the average 3- or 5-year payroll, or, at his option, the last year's payroll. Rhode Island uses the last year's payroll or the average of the last 3 years, whichever is lesser. New Jersey protects the fund by using the higher of the average 3- or 5-year payroll.

The employer must accumulate and maintain a specified reserve before his rate is reduced; then rates are assigned according to a schedule of rates for specified ranges of reserve ratios; the higher the ratio, the lower the rate. The formula is designed to make sure that no employer will be granted a rate reduction unless over the years he contributes more to the fund than his workers draw in benefits. Also, fluctuations in the State fund balance affect the rate that an employer will pay for a given reserve; an increase in the State fund may signal the application of an alternate tax rate schedule in which a lower rate is assigned for a given reserve and, conversely, a decrease in the fund balance may signal the application of an alternate tax schedule which requires a higher rate.

220.02 Benefit-ratio formula.--The benefit-ratio formula also uses benefits as the measure of experience, but eliminates contributions from the formula and relates benefits directly to payrolls. The ratio of benefits to payrolls is the index for rate variation. The theory is that, if each employer pays a rate which approximates his benefit ratio, the program will be adequately financed. Rates are further varied by the inclusion in the formulas of three or more schedules, effective at specified levels of the State fund in terms of dollar amounts or a proportion of payrolls or fund adequacy percentage. In Florida and Wyoming an employer's benefit ratio becomes his contribution rate after it has been adjusted to reflect noncharged benefits and balance of fund. The adjustment in Florida also considers excess payments. In Pennsylvania rates are determined on the basis of three factors - funding, experience, and State adjustment. In Mississippi rates are also based on the sum of three factors: the employer's experience rate; a State rate to recover noncharged or ineffectively charged benefits; and an adjustment rate to recover fund benefit costs not otherwise recoverable. In Texas rates are based on a State replenishment ratio in addition to the employer's benefit ratio.

Unlike the reserve ratio, the benefit-ratio system is geared to short-term experience. Only the benefits paid in the most recent 3 years are used in the determination of the benefit ratios (Table 202).

220.03 Benefit-wage-ratio formula.--The benefit-wage formula is radically different. It makes no attempt to measure all benefits paid to the workers of individual employers. The relative experience of employers is measured by the separations of workers which result in benefit payments, but the duration of their benefits is not a factor. The separations, weighted with the wages earned by the workers with each base-period employer, are recorded on each employer's experience-rating record as benefit wages. Only one separation per beneficiary per benefit year is recorded for any one employer, but the charging of any benefit wages has been postponed until benefits have been paid in the State specified: in Oklahoma until payment is made for the second week of unemployment; in Alabama, Illinois and Virginia, until the benefits paid equal three times the weekly benefit amount. The index which is used to establish the relative experience of employers is the proportion of each employer's payroll which is paid to those of his workers who become unemployed and receive benefits; i.e., the ratio of his benefit wages to his total taxable wages.

The formula is designed to assess variable rates which will raise the equivalent of the total amount paid out as benefits. The percentage relationship between total benefit payments and total benefit wages in the State during 3 years is determined. This ratio, known as the State experience factor, means that, on the average, the workers who drew benefits received a certain amount of benefits for each dollar of benefit wages paid and the same amount of taxes per dollar of benefit wages is needed to replenish the fund. The total amount to be raised is distributed among employers in accordance with their benefit-wage ratios; the higher the ratio, the higher the rate.

Individual employer's rates are determined by multiplying the employer's experience factor by the State experience factor. The multiplication is facilitated by a table which assigns rates which are the same as, or slightly more than, the product of the employer's benefit-wage ratio and the State factor. The range of the rates is, however, limited by a minimum and maximum. The minimum and the rounding upward of some rates tend to increase the amount which would be raised if the plan were affected without the table; the maximum, however, decreases the income from employers who would otherwise have paid higher rates.

220.04 Compensable-separations formula.--Like the States with benefit-wage formulas, Connecticut uses compensable separations as a measure of employer's experience with unemployment. A worker's separation is weighted by his weekly benefit

amount, and that amount is entered on the employer's experience-rating record. The employer's aggregate payroll for 3 years is then divided by the sum of the entries over the 3 years to establish his index. For newly subject employers the payroll and entries for the period of subjectivity are used to establish the merit-rating index. Rates are assigned on the basis of an array of payrolls in the order of the indexes, the lowest rates to those with the highest indexes. Six different schedules are provided, depending on the ratio of the fund to the 3-year payroll (1.25 to 4.25 percent) and a further reduction of rates is provided if the balance in the fund exceeds 4.25 percent of the last 3 years' payrolls and the last year's contributions plus interest credited exceed the benefits for the same period by at least $500,000. The excess is distributed to all employers who qualify for a rate reduction, in proportion to their last year's payrolls, in the form of credit memorandums applicable on next year's contributions.

220.05 Payroll variation plan.--The payroll variation plan is independent of benefit payments to individual workers; neither benefits nor any benefit derivatives are used to measure unemployment. An employer's experience with unemployment is measured by the decline in his payrolls from quarter to quarter or from year to year. The declines are expressed as a percentage of payrolls in the preceding period, so that experience of employers with large and small payrolls may be compared. If an employer's payroll shows no decrease or only a small percentage decrease over a given period, he will be eligible for the largest proportional reductions.

Alaska measures the stability of payrolls from quarter to quarter over a 3-year period; the changes reflect changes in general business activity and also seasonal or irregular declines in employment. Washington measures the last 3 years' annual payrolls on the theory that over a period of time the greatest drains on the fund result from declines in general business activity.

Utah measures the stability of both annual and quarterly payrolls and, as a third factor, the duration of liability for contributions, commonly called the age factor. Employers are given additional points if they have paid contributions over a period of years because of the unemployment which may result from the high business mortality which often characterizes new businesses. Montana also has three factors: annual declines, age, and a ratio of benefits to contributions; no reduced rate is allowed to an employer whose last 3-year benefit payments have exceeded his contributions.

The payroll variation plans use a variety of methods for reducing rates. Alaska arrays employers according to their average quarterly decline quotients and groups them on the basis of cumulative payrolls in 10 classes for which rates are specified in a schedule. Montana classifies employers in 14 classes and assigns rates designed to yield a specified percent of payrolls varying with the fund balance.

In Utah, employers are grouped in 10 classes according to their combined experience factors and rates are assigned from 1 to 10 rate schedules. Washington determines the surplus reserves as specified in the law and distributes the surplus in the form of credit certificates applicable to the employer's next year's tax (Table 205). The amount of each employer's credit depends on the points assigned him on the basis of the sum of his average annual decrease quotient and his benefit ratio. These credit certificates reduce the amount rather than the rate of his tax; their influence on the rate depends on the amount of his next year's payrolls.

225 Transfer of Employers' Experience

Because of Federal requirements, no employer can be granted a rate based on his experience unless the agency has at least a 1-year record of his experience with the factors used to measure unemployment. Without such a record there would be no basis for rate determination. For this reason all State laws specify the conditions under

which the experience record of a predecessor employer may be transferred to an employer who, through purchase or otherwise, acquires the predecessor's business. In some States (Table 203) the authorization for transfer of the record is limited to total transfers; i.e., the record may be transferred only if a single successor employer acquires the predecessor's organization, trade, or business and substantially all its assets. In the other States the provisions authorize partial as well as total transfers; in these States, if only a portion of a business is acquired by any one successor, that part of the predecessor's record which pertains to the acquired portion of the business may be transferred to the successor.

In most States the transfer of the record in cases of total transfer automatically follows whenever all or substantially all of a business is transferred. In the remaining States the transfer is not made unless the employers concerned request it.

Under most of the laws, transfers are made whether the acquisition is the result of reorganization, purchase, inheritance, receivership, or any other cause. Delaware, however, permits transfer of the experience record to a successor only when there is substantial continuity of ownership and management, and Colorado permits such transfer only if 50 percent or more of the management also is transferred.

Some States condition the transfer of the record on what happens to the business after it is acquired by the successor. For example, in some States there can be no transfer if the enterprise acquired is not continued (Table 203); in 3 of these States (District of Columbia, Massachusetts, and Wisconsin) the successor must employ substantially the same workers. In 21 States[4] successor employers must assume liability for the predecessor's unpaid contributions, although in the District of Columbia, Massachusetts, and Wisconsin, successor employers are only secondarily liable.

Most States establish by statute or regulation the rate to be assigned the successor employer from the date of the transfer to the end of the rate year in which the transfer occurs. The rate assignments vary with the status of the successor employer prior to his acquisition of the predecessor's business. Over half the States provide that an employer who has a rate based on his own experience with unemployment shall continue to pay that rate for the remainder of the rate year; the others, that he be assigned a new rate based on his own record combined with the acquired record (Table 203).

230 Differences in Charging Methods

Various methods are used to identify the employer who will be charged with benefits when a worker becomes unemployed and draws benefits. Except in the case of very temporary or partial unemployment, compensated unemployment occurs after a worker-employer relationship has been broken. Therefore, the laws indicate in some detail which one or more of the claimant's former employers should be charged with his benefits. In the reserve-ratio and benefit-ratio States, it is the claimant's benefits that are charged; in the benefit-wage States, the benefit wages; in the compensable-separation State, the weekly benefit amount of separated employees. There is, of course, no charging of benefits in the payroll-decline systems.

In most States the maximum amount of benefits to be charged for any claimant is the maximum amount for which he is eligible under the State law. In Arkansas, California, Colorado, Michigan, and Oregon an employer who willfully submits false

---

[4] Arkansas, California, District of Columbia, Idaho, Illinois, Indiana, Kentucky, Maine, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Mexico, Ohio, Oklahoma, South Carolina, Virginia, West Virginia, and Wisconsin.

information on a benefit claim to evade charges is penalized: in Arkansas, by charging his account with twice the claimant's maximum potential benefits; in California and Oregon, by charging his account with 2 to 10 times the claimant's weekly benefit amount; in Colorado, by charging his account with 1 1/2 times the amount of benefits due during the delay caused by the false statement and all of the benefits paid to the claimant during the remainder of the benefit year; and in Michigan by a forfeiture to the Commission of an amount equal to the total benefits which are or would be allowed the claimant.

In the States with benefit-wage-ratio formulas, the maximum amount of benefit wages charged is usually the amount of wages required for maximum annual benefits; in Alabama and Delaware, the maximum taxable wages.

230.01 Charging most recent employers.--In four States (Maine, New Hampshire, South Carolina, and West Virginia) with a reserve-ratio system, Vermont with a benefit ratio, Virginia with a benefit-wage-ratio, Montana with a benefit-contributions-ratio, and Connecticut with a compensable-separation system, the most recent employer gets all the charges on the theory that he has primary responsibility for the unemployment.

All the States that charge benefits to the last employer relieve an employer of these charges if he gave a worker only casual or short-time employment. Maine limits charges to a claimant's most recent employer who employed him for more than 5 consecutive weeks; New Hampshire, more than 4 weeks; Montana, more than 3 weeks; Virginia and West Virginia, at least 30 days. South Carolina omits charges to employers who paid a claimant less than eight times his weekly benefit, and Vermont, less than $595.

Connecticut charges the one or two most recent employers who employed a claimant 4 weeks or more in the 8 weeks prior to each compensable period of unemployment.

230.02 Charging base-period employers in inverse chronological order.--Some States limit charges to base-period employers but charge them in inverse order of employment (Table 204). This method combines the theory that liability for benefits results from wage payments with the theory of employer responsibility for unemployment; responsibility for the unemployment is assumed to lessen with time, and the more remote the employment from the period of compensable unemployment, the less the probability of an employer's being charged. A maximum limit is placed on the amount that may be charged any one employer; when the limit is reached, the next previous employer is charged. The limit is usually fixed as a fraction of the wages paid by the employer or as a specified amount in the base period or in the quarter, or as a combination of the two. Usually the limit is the same as the limit on the duration of benefits in terms of quarterly or base-period wages (sec. 335.04).

In Michigan, New Jersey, New York, Ohio, Rhode Island, and Wisconsin, the amount of the charges against any one employer is limited by the extent of the claimant's employment with that employer; i.e., the number of credit weeks he had earned with that employer. In New York, when a claimant's weeks of benefits exceed his weeks of employment, the charging formula is applied a second time--a week of benefits charged to each employer's account for each week of employment with that employer, in inverse chronological order of employment--until all weeks of benefits have been charged. In Missouri most employers who employ claimants less than 3 weeks and pay them less than $120 are skipped in the charging.

If a claimant's unemployment is short, or if the last employer in the base period employed him for a considerable part of the base period, this method of charging employers in inverse chronological order gives the same results as charging the last

employer in the base period. If a claimant's unemployment is long, such charging gives much the same results as charging all base-period employers proportionately.

All the States which provide for charging in the inverse order of employment have determined, by regulation, the order of charging in case of simultaneous employment by two or more employers.

230.03 Charges in proportion to base-period wages.--On the theory that unemployment results from general conditions of the labor market more than from a given employer's separations, the largest number of States charge benefits against all base-period employers in proportion to the wages earned by the beneficiary with each employer.

Their charging methods assume that liability for benefits inheres in wage payments. So do those of the two States that charge all benefits to the principal employer. Idaho charges all benefits to the employer who paid a claimant the largest amount of base-period wages, and Maryland, to an employer who paid the claimant 75 percent of his base-period wages; otherwise the charges are prorated proportionately among all base-period employers.

In two of these States, employers who were responsible for a small amount of base-period wages are relieved of charges. In Florida an employer who paid a claimant less than $40 in the base period is not charged, and in Minnesota an employer who paid a claimant less than the minimum qualifying wages is not charged unless the employer, for the purpose of evading charges, separates employees for whom work is available.

235 Noncharging of Benefits

In many States there has been a tendency to recognize that the costs of benefits of certain types should not be charged to individual employers. This has resulted in "noncharging" provisions of various types in practically all State laws which base rates on benefits or benefit derivatives (Table 204). In the States which charge benefits, certain benefits are omitted from charging as indicated below; in the States which charge benefit wages, certain wages are not counted as benefit wages. Such provisions are, of course, not applicable in the two States in which rate reductions are based solely on payroll decreases.

The omission of charges for benefits based on employment of short duration has already been mentioned (sec. 230, and footnote 5, Table 204). The postponement of charges until a certain amount of benefits has been paid (sec. 220.03) results in noncharging of benefits for claimants whose unemployment was of very short duration. In most States, charges are omitted when benefits are paid on the basis of an early determination in an appealed case and the determination is eventually reversed. In many States, charges are omitted for reimbursements in the case of benefits paid under a reciprocal arrangement authorizing the combination of the individual's wage credits in 2 or more States; i.e., situations when the claimant would be ineligible in the State without the out-of-State wage credits. In the District of Columbia, Massachusetts, and Rhode Island, dependents' allowances are not charged to employers' accounts.

In Alabama, Arizona, Arkansas, California, Florida, Hawaii, Iowa, Kansas, Kentucky, Minnesota, New York, Pennsylvania, Rhode Island, and Tennessee an employer who employed a claimant part time in the base period and continues to give him substantial equal part-time employment is not charged for benefits.

Seven States (Arkansas, Colorado, Maine, Minnesota, North Carolina, Ohio, and Wyoming) have special provisions or regulations for identifying the employer to be charged in the case of benefits paid to seasonal workers; in general, seasonal

employers are charged only with benefits paid for unemployment occurring during the season, and nonseasonal employers, with benefits paid for unemployment at other times.

The District of Columbia, Hawaii, Kansas, Maine, Massachusetts, New Hampshire, North Carolina, Oregon, South Carolina, and Vermont provide that benefits paid to an individual taking approved training shall not be charged to the employer's account.

Another type of omission of charges is for benefits paid following a period of disqualification for voluntary quit, misconduct, or refusal of suitable work or for benefits paid following a potentially disqualifying separation for which no disqualification was imposed; for example, because the claimant had good personal cause for leaving voluntarily, or because he got a job which lasted throughout the normal disqualification period and then was laid off for lack of work. The intent is to relieve the employer of charges for unemployment due to circumstances beyond his control, by means other than limiting good cause for voluntary leaving to good cause attributable to the employer, disqualification for the duration of the unemployment, or the cancellation of wage credits. The provisions vary with variations in the employer to be charged and with the disqualification provisions (sec. 425), particularly as regards the cancellation and reduction of benefit rights. In this summary, no attempt is made here to distinguish between noncharging of benefits or benefit wages following a period of disqualification and noncharging where no disqualification is imposed. Most States provide for noncharging where voluntary leaving or discharge for misconduct is involved and some States, refusal of suitable work (Table 204). A few of these States limit noncharging to cases where a claimant refuses reemployment in suitable work.

Alabama, Connecticut and Delaware have provisions for canceling specified percentages of charges if the employer rehires the worker within specified periods.

240 Requirements for Reduced Rates

In accordance with the Federal requirements for experience rating, no reduced rates were possible in any State during the first 3 years of its unemployment insurance law. Except for Wisconsin, whose law preceded the Social Security Act, no reduced rates were effective until 1940, and then only in three States.

The requirements for any rate reduction vary greatly among the States, regardless of type of experience-rating formula.

240.01 Prerequisites for any reduced rates.--About half the State laws now contain some requirement of a minimum fund balance before any reduced rate may be allowed. The solvency requirement may be in terms of millions of dollars; in terms of a multiple of benefits paid; in terms of a percentage of payrolls in certain past years; in terms of whichever is greater, a specified dollar amount or a specified requirement in terms of benefits or payroll; or in terms of a particular fund solvency factor or fund adequacy percentage (Table 205). Regardless of form, the purpose of the requirement is to make certain that the fund is adequate for the benefits that may be payable.

More general provisions are included in the Maine and New Hampshire laws. The Maine law provides that if in the opinion of the commission an emergency exists, the commission after notice and public hearing may reestablish all rates in accordance with those of the least favorable schedule so long as the emergency lasts. The New Hampshire commissioner may similarly set a 2.7 rate if he determines that the solvency of the fund no longer permits reduced rates.

In less than half the States there is no provision for a suspension of reduced rates because of low fund balances. In most of these States, rates are increased (or a portion of all employers' contributions is diverted to a specified account) when the fund (or a specified account in the fund) falls below the levels indicated in Table 206.

240.02 Requirements for reduced rates for individual employers.--Each State law incorporates at least the Federal requirements (sec. 215.01) for reduced rates of individual employers. A few require more than 3 years of potential benefits for their employees or of benefit chargeability; a few require recent liability for contributions (Table 202). Many States require that all necessary contribution reports must have been filed and all contributions due must have been paid. If the system uses benefit charges, contributions paid in a given period must have exceeded benefit charges.

245 Rates and Rate Schedules

In almost all States rates are assigned in accordance with rate schedules in the law; in Nebraska in accordance with a rate schedule in a regulation required under general provisions in the law. The rates are assigned for specified reserve ratios, benefit ratios, or for specified benefit-wage ratios. In Arizona and Kansas the rates assigned for specified reserve ratios are adjusted to yield specified average rates. In Alaska rates are assigned according to specified payroll declines; and in Connecticut, Idaho, and Montana according to employers' experience arrayed in comparison with other employers' experience.

The Washington law contains no rate schedules but provides instead for distribution of surplus funds by credit certificates. If any employer's certificate equals or exceeds his required contribution for the next year, he would in effect have a zero rate.

245.01 Fund requirements for rates and rate schedules.--In most States, the level of the balance in the State's unemployment fund, as measured at a prescribed time each year, determines which one of two or more rate schedules will be applicable for the following year. Thus, an increase in the level of the fund usually results in the application of a rate schedule under which the prerequisites for given rates are lowered. In some States, employers' rates may be lowered as a result of an increase in the fund balance, not by the application of a more favorable schedule, but by subtracting a specified amount from each rate in a single schedule, by dividing each rate in the schedule by a given figure, or by adding new lower rates to the schedule. A few States with benefit-wage-ratio systems provide for adjusting the State factor in accordance with the fund balance as a means of raising or lowering all employers' rates. Although these laws may contain only one rate schedule, the changes in the State factor, which reflect current fund levels, change the benefit-wage-ratio prerequisite for a given rate.

245.02 Rate reduction through voluntary contributions.--In about half the States employers may obtain lower rates by voluntary contributions (Table 200). The purpose of the voluntary contribution provision in States with reserve-ratio formulas is to increase the balance in the employer's reserve so that he is assigned a lower rate, which will save him more than the amount of the voluntary contribution. In Minnesota, with a benefit-ratio system, the purpose is to permit an employer to pay voluntary contributions to cancel benefit charges to his account and thus reduce his benefit ratio. In Montana voluntary contributions are used only to cancel the excess of benefit charges over contributions, thereby permitting an employer to receive a lower rate.

245.03 Computation dates and effective dates.--In most States the effective date for new rates is January 1; in others it is April 1, June 30, or July 1. In most States the computation date for new rates is a date 6 months prior to the effective date.

A few States have special computation dates for employers first meeting the requirements for computation of rates (footnote 3, Table 201).

245.04 Minimum rates.--Minimum rates in the most favorable schedules vary from 0 to 1.5 percent of payrolls. In Washington, which has no rate schedule, some employers may have a 0 rate. Only five States have a minimum rate of 0.7 percent or more. The most common minimum rates range from 0.1 to 0.4 percent inclusive. The minimum rate in Nebraska depends on the rate schedule established annually by regulation.

245.05 Maximum rates.--Although the usual standard rate of 2.7 percent is the most common maximum rate, more than half the States provide maximum rates ranging from 3.0 to 7.2 percent in Texas (Table 200).

245.06 Limitation on rate increases.--Oklahoma and Wisconsin prevent sudden increases of rates by a provision that no employer's rate in any year may be more than 1 percent more than in the previous year. Vermont limits an employer's rate increase or decrease to that of two columns in the applicable rate schedule. New York limits the increase in subsidiary contributions in any year to 0.3 percent over the preceding year.

250 Special Provisions for Financing Benefits Paid to Employees of Nonprofit Organizations and State and Local Governments

The 1970 amendments to the Federal law required each State to cover nonprofit organizations which employed four or more persons in 20 weeks and State hospitals and institutions of higher education. However, the method of financing benefits paid to employees of these organizations differs from that applicable to other employers.

250.01 Nonprofit organizations.--The Federal law provides that States must allow any nonprofit organization or group of organizations, which are required to be covered under the State law, the option to elect to make payments in lieu of contributions. Prior to the 1970 amendments the States were not permitted to allow nonprofit organizations to finance their employees' benefits on a reimbursable basis because of the experience-rating requirements of the Federal law.

State laws permit two or more reimbursing employers jointly to apply to the State agency for the establishment of a group account to pay the benefit costs attributable to service in their employ. This group is treated as a single employer for the purposes of benefit reimbursement and benefit cost allocation.

No State permits noncharging of benefits to reimbursing employers. The Federal law has been construed to require that nonprofit organizations pay into the State fund amounts equal to the benefit costs, including that half of extended benefits not paid by the Federal Government, attributable to service performed in the employ of the organization. Unlike contributing employers, who cannot avoid potential liability to share with other contributing employers devices such as minimum contribution rates and solvency accounts in order to keep the fund solvent, reimbursing employers are fully liable for benefit costs to their employees and not liable at all for the cost of any other benefits.

Most States provide that an employer electing to reimburse the fund will be billed at the end of each calendar quarter, or other period determined by the agency, for the full amount of regular benefits plus half of the extended benefits paid during that period attributable to service in his employ. A few States provide a different method of assessing the employer. In these States, each nonprofit employer is billed a flat rate at the end of each calendar quarter, or other time period specified by the agency, determined on the basis of a percentage of the organization's total payroll in the preceding calendar year rather than on actual benefit costs incurred by the organization. Modification in the percentage is made at the end of each taxable year in order to minimize future excess or insufficient payment. The agency is required to make an annual accounting to collect unpaid balances and dispose of overpayments. This method of apportioning the payments appears to be less burdensome than the quarterly reimbursement method because it spreads the benefit costs more uniformly throughout the calendar year. Nearly a third of the States permit a nonprofit organization the option of choosing either plan, with the approval of the State agency.

The Federal law permits, but does not require, States to enact safeguards to ensure that a nonprofit organization electing the reimbursement method of financing will make the necessary payments. Seven States require any nonprofit organization which elects to reimburse the fund to file a security bond or deposit with the agency. Of these States, three specify a minimum amount ($100 in Oregon, $1000 in Wisconsin, and $5000 in Ohio) while two States specify a maximum amount--in Alabama, 3.0 percent of the organization's payroll and in Ohio, $500,000. The provisions on bonding are shown in Table 207.

250.02 State and local governments.--In 23 States, benefits paid to employees of hospitals and colleges covered as required by the Federal law are financed in the same manner as benefits paid to employees of nonprofit organizations; that is, the State as an employer may elect either to reimburse the fund for benefits paid or pay contributions on the same basis as other employers. In 26 other States, no election is permitted; the State must reimburse the fund for benefits paid to its employees. See sec. 120.06 and Table 104 for financing benefits paid to other employees of the State and its political subdivisions.

The Alabama law requires both the State and its political subdivisions to pay an estimated amount each quarter and at the end of the year either to pay a balancing amount or receive a refund. New Hampshire permits elective financing until January 1, 1975 and mandatory reimbursement thereafter. Three States, Nebraska, New Mexico, and Utah, have no provision specifying the means of financing benefits paid to employees of State hospitals and institutions of higher education.

All of the States except Alabama, as indicated previously, Illinois, Nevada, New York, and Puerto Rico require local governments to reimburse the fund for benefits paid to employees of hospitals and colleges. Illinois provides that local governments may make payments in lieu of contributions on the same basis as employers who are liable for contributions, or they may elect reimbursement the same as nonprofit organizations, while New York permits local governments either to reimburse the fund or make payments equivalent to contributions. Nevada, unlike any other State, requires local governments to pay contributions. Puerto Rico permits local governments to elect the method of financing as do the State and nonprofit employers.

(Next page is 2-19)

TABLE 200.--SUMMARY OF EXPERIENCE-RATING PROVISIONS, 51 STATES [1]

State	Type of experience rating				Taxable wage base above $4,200 (5 States)	Wages include remuneration over $4,200 if subject to FUTA (37 States)	Voluntary contributions permitted (25 States)
	Reserve ratio (32 States)	Benefit ratio (9 States)	Benefit wage ratio (5 States)	Payroll declines (4 States)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Ala.			X			X	
Alaska				Quarterly	$7,200	X	
Ariz.	X					X	X
Ark.	X					X	X [2]
Calif.	X						
Colo.	X					X	X
Conn. [5]							
Del.			X				
D.C.	X					X	X
Fla.		X				X	
Ga.	X					X [4]	
Hawaii	X				6,300 [3]	X	
Idaho	X					X	
Ill.			X			X [4]	
Ind.	X					X	X
Iowa	X					X	X
Kans.	X					X	X [2]
Ky.	X					X	X
La.	X					X	X [2]
Maine	X					X	X
Md.		X				X	
Mass.	X						
Mich.	X						X
Minn.		X			4,800	X	X [2]
Miss.		X				X	
Mo.	X					X	X
Mont.				Annual [6]			X [2]
Nebr.	X					X	X
Nev.	X					X	
N.H.	X					X	
N.J.	X						X
N.Mex.	X					X	
N.Y.	X						X
N.C.	X						X [2]
N.Dak.	X				4,400 [3]	X	X
Ohio	X						X

(Table continued on next page)

TABLE 200.--SUMMARY OF EXPERIENCE-RATING PROVISIONS, 51 STATES[1/] (CONTINUED)

State	Type of experience rating				Taxable wage base above $4,200 (5 States)	Wages include remuneration over $4,200 if subject to FUTA (37 States)	Voluntary contributions permitted (25 States)
	Reserve ratio (32 States)	Benefit ratio (9 States)	Benefit wage ratio (5 States)	Payroll declines (4 States)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Okla.			X			X	
Oreg.		X					
Pa.		X[6/]				X[4/]	X
R.I.	X					X	
S.C.	X					X	X
S.Dak.	X					X[4/]	X
Tenn.	X					X[4/]	
Tex.		X					
Utah				Annual and quarterly[6/]		X	
Vt.		X				X	
Va.			X				
Wash.				Annual[6/]	$4,800[3/]		
W.Va.	X					X	X
Wis.	X					X	X
Wyo.		X				X	

[1/] Excludes P.R. which has no experience-rating system. P.R. has a provisions for increasing the wage base above $4,200 if subject to FUTA. See Tables 201 to 206 for more detailed analysis of experience-rating provision.

[2/] Voluntary contributions limited to amount of benefits charged during 12 months preceding last computation date (Ark. and La.); employer receives credit for 80% of any voluntary contributions made to the fund (N.C.); reduction in rate because of voluntary contributions limited to 0.5% (Kans.); voluntary contributions allowed only if benefit charges exceeded contributions in last 3 years (Mont.); a surcharge is added equal to 25% of the benefits that are cancelled by voluntary contributions unless the voluntary payment is made to overcome charges incurred as a result of the unemployment of 75% or more of the employer's workers caused by damages from fire, flood, or other acts of God (Minn.).

[3/] Taxable wage base computed annually at 90% (Hawaii) and 70% (N.Dak.), of State's average annual wage for the 1-year period ending June 30; increases by $600 when fund balance is less than 4.5% of total payrolls, but not to exceed 75% of average annual wage for second preceding calendar year (Wash.).

[4/] Wages include all kinds of remuneration subject to FUTA.

[5/] Compensable separations formula. See text for details.

[6/] Formula includes duration of liability (Mont. and Utah); ratio of benefits to contributions (Mont.), reserve ratio (Pa.), and benefit ratio (Wash.).

TABLE 201.--COMPUTATION DATE, EFFECTIVE DATE, PERIOD OF TIME TO QUALIFY FOR EXPERIENCE RATING, AND REDUCED RATES FOR NEW EMPLOYERS

State	Computation date	Effective date for new rates	Period of time needed to qualify for experience rating		Reduced rate for new employers[2]
			At least 3 years	Less than 3 years[1]	
(1)	(2)	(3)	(4)	(5)	(6)
Ala.	Oct. 1	April 1	. . . . .	1 year	1.5%
Alaska	June 30	Jan. 1	. . . . .	1 year [1]	. . . . .
Ariz.	July 1	Jan. 1	. . . . .	1 year	. . . . .
Ark.	June 30	Jan. 1	X	. . . . .	. . . . .
Calif.	June 30	Jan. 1	X	. . . . .	. . . . .
Colo.	July 1	Jan. 1	. . . . .	12 months	1.0%
Conn.	June 30	Jan. 1	. . . . .	1 year [1]	[3]
Del.	Oct. 1	Jan. 1	4 years	. . . . .	
D.C.	June 30	Jan. 1	X	. . . . .	[3]
Fla.	Dec. 31	Jan. 1	X	. . . . .	1.0%
Ga.	Dec. 31	Jan. 1	. . . . .	1 year	. . . . .
Hawaii	Dec. 31	Jan. 1	. . . . .	1 year	. . . . .
Idaho	June 30	Jan. 1	. . . . .	1 year	. . . . .
Ill.	June 30	Jan. 1	. . . . .	3 years [1]	. . . . .
Ind.	June 30	Jan. 1	. . . . .	36 months [1]	. . . . .
Iowa	Oct. 1	Jan. 1	. . . . .	2 years	1.5%
Kans.	June 30	Jan. 1	. . . . .	2 years	[3]
Ky.	Dec. 31	Jan. 1	X	. . . . .	. . . . .
La.	June 30	Jan. 1	X	. . . . .	. . . . .
Maine	Dec. 31	July 1	. . . . .	2 years	2.0%
Md.	March 31	July 1	. . . . .	1 year	[3]
Mass.	Sept. 30	Jan. 1		1 year	
Mich.	June 30	Jan. 1	X	. . . . .	. . . . .
Minn.	June 30	Jan. 1	. . . . .	1 year	[3]
Miss.	June 30	Jan. 1	. . . . .	1 year	1.0% [4]
Mo.	June 30	Jan. 1	. . . . .	1 year	. . . . .
Mont.	June 30	Jan. 1	X	. . . . .	. . . . .
Nebr.	Dec. 31	Jan. 1	. . . . .	1 year [1]	. . . . .
Nev.	June 30	Jan. 1	. . . . .	2 1/2 years	. . . . .
N.H.	Jan. 1	July 1	. . . . .	1 year	. . . . .
N.J.	Dec. 31	July 1	X	. . . . .	. . . . .
N.Mex.	June 30	Jan. 1	X	. . . . .	. . . . .
N.Y.	Dec. 31	Jan. 1	. . . . .	1 year	[3]
N.C.	Aug. 1	Jan. 1	. . . . .	1 year	. . . . .
N.Dak.	Dec. 31	Jan. 1	. . . . .	1 year	. . . . .
Ohio	July 1	Jan. 1	. . . . .	1 year	. . . . .
Okla.	Dec. 31	Jan. 1	. . . . .	1 year	. . . . .
Oreg.	June 30	Jan. 1	. . . . .	1 year	. . . . [4]
Pa.	June 30	Jan. 1	. . . . .	18 months [1]	1.0% [4]
R.I.	Sept. 30	Jan. 1	. . . . .	1 year	[3]
S.C.	July 1 [5]	Jan. 1 [5]	. . . . .	2 years [1]	. . . . .
S.Dak.	Dec. 31	Jan. 1	. . . . .	2 years	[3]

(Table continued on next page)

TABLE 201.--COMPUTATION DATE, EFFECTIVE DATE, PERIOD OF TIME TO QUALIFY FOR EXPERIENCE RATING, AND REDUCED RATES FOR NEW EMPLOYERS (CONTINUED)

State	Computation date	Effective date for new rates	Period of time needed to qualify for experience rating		Reduced rate for new employers 2/
			At least 3 years	Less than 3 years 1/	
(1)	(2)	(3)	(4)	(5)	(6)
Tenn.	Dec. 31	July 1	X	. . . . .	. . . . .
Tex.	Oct. 1 5/	Jan. 1 5/	. . . . .	1 year	1.0%
Utah	Jan. 1	Jan. 1	X	. . . . .	. . . . .
Vt.	Dec. 31	July 1	. . . . .	1 year	3/
Va.	June 30	Jan. 1	. . . . .	1 year	1.0%
Wash.	July 1	Jan. 1	. . . . .	2 years 1/	. . . . .
W.Va.	June 30	Jan. 1	X	. . . . .	1.5%
Wis.	June 30	Jan. 1	. . . . .	18 months	. . . . .
Wyo.	June 30	Jan. 1	X	. . . . .	. . . . .

1/ Period shown is period throughout which employer's account was chargeable or during which payroll declines were measurable. In States noted, requirements for experience rating are stated in the law in terms of subjectivity (Alaska, Conn., Ind., and Wash.); in which contributions are payable (Ill. and Pa.); coverage (S.C.); or, in addition to the specified period of chargeability, contributions payable in the 2 preceding calendar years (Nebr.).

2/ Immediate reduced rate for newly-covered employers until such time as the employer can qualify for a rate based on his experience.

3/ Rate for newly-covered employers is the higher of 1.0% or State's 5-year benefit cost ratio, not to exceed 2.7% (Conn., Kans., Md., and R.I.); higher of 1.0% or the rate equal to the average rate on taxable wages of all employers for the preceding calendar year not to exceed 2.7% (D.C.); higher of 1.0% or State's 3-year benefit cost rate, not to exceed 2.7% (Minn.); effective only for rate years 1973 and 1974, new employer pays rate applicable to rated employer with positive balance of less than 1.0% (3.1% to 2.0%) depending upon rate schedule in effect (N.Y.); 1.5% for 1972, 2.0% for 1973, standard rate thereafter until employer qualifies for rate based on experience (S.Dak.); higher of 1.0% or that percent represented by rate class 11 (1.2% to 2.0%) depending upon rate schedule in effect (Vt.).

4/ For all newly-covered employers except those in the construction industry (Miss. and Pa.).

5/ For newly-qualified employer, computation date is end of quarter in which they meet experience requirements and effective date is immediately following quarter (S.C. and Tex.).

TABLE 202.--YEARS OF BENEFITS, CONTRIBUTIONS, AND PAYROLLS USED IN COMPUTING RATES OF EMPLOYERS WITH AT LEAST 3 YEARS OF EXPERIENCE, BY TYPE OF EXPERIENCE-RATING FORMULA [1]

State	Years of benefits used [2]	Years of payrolls used [3]
(1)	(2)	(3)
	Reserve-ratio formula	
Ariz.	All past years.	Average 3 years.[3]
Ark.	All past years.	Average last 3 or 5 years.[4]
Calif.	All past years.	Average 3 years.[3]
Colo.	All past years.	Average 3 years.
D.C.	All since July 1, 1939.	Average 3 years.[3]
Ga.	All past years.	Average 3 years.
Hawaii	All past years.	Average 3 years.
Idaho	All since Jan. 1, 1940.	Average 4 years.
Ind.	All past years.	Aggregate 3 years.
Iowa	All past years.	Average 3 years.
Kans.	All past years.	Average 3 years.[3]
Ky.	All past years.	Aggregate 3 years.
La.	All since Oct. 1, 1941.	Average 3 years.
Maine	All past years.	Average 3 years.
Mass.	All past years.	Last year.
Mich.	All past years.[2]	Last year.
Mo.	All past years.[2]	Average 3 years.
Nebr.	All past years.	Average 4 years.
Nev.	All past years.	Average 3 years.
N.H.	All past years.[2]	Average 3 years.
N.J.	All past years.	Average last 3 or 5 years.[4]
N.Mex.	All past years.	Average 3 years.
N.Y.	All past years.	Last year.[3]
N.C.	All past years.	Aggregate 3 years.
N.Dak.	All past years.	Average 3 years.
Ohio	All past years.	Average 3 years.
R.I.	All since Oct. 1, 1958.	Last year or average 3 years.[4]
S.C.	All past years.	Last year.
S.Dak.	All past years.	Aggregate 3 years.
Tenn.	All past years.	Last year.
W.Va.	All past years.	Average 3 years.
Wis.	All past years.	Last year.
	Benefit-contribution-ratio formula [1]	
Mont.	Last 3 years.[2]	. . . . .
	Benefit-ratio formula	
Fla.	Last 3 years.	Last 3 years.[3]
Md.	Last 3 years.	Last 3 years.[3]
Minn.	Last 3 years.	Last 3 years.
Miss.	Last 3 years.	Last 3 years.
Oreg.	Last 3 years.	Last 3 years.
Pa.	Average 3 years.	Average 3 years.
Tex.	Last 3 years.	Last 3 years.
Vt.	Last 3 years.	Last 3 years.
Wyo.	Last 3 years.	Last 3 years.

(Table continued on next page)

TABLE 202.--YEARS OF BENEFITS, CONTRIBUTIONS, AND PAYROLLS USED IN COMPUTING RATES OF EMPLOYERS WITH AT LEAST 3 YEARS OF EXPERIENCE, BY TYPE OF EXPERIENCE-RATING FORMULA[1] (CONTINUED)

State (1)	Years of benefits used[2] (2)	Years of payrolls used[3] (3)
	Benefit-wage-ratio formula	
Ala.	Last 3 years.	Last 3 years.
Del.	Last 3 years.	Last 3 years.
Ill.	Last 3 years.	Last 3 years.
Okla.	Last 3 years.	Last 3 years.
Va.	Last 3 years.	Last 3 years.
	Compensable-separations formula	
Conn.	Last 3 years.	Aggregate 3 years.[3]
	Payroll-declines formula[1]	
Alaska	. . . . .	Last 3 years.
Utah	. . . . .	Last 3 years.
Wash.	. . . . .	Last 3 years.

[1] Including Mont. with benefit-contribution ratio, rather than payroll declines and Wash. with payroll decline rather than benefit ratio.

[2] In reserve-ratio States and in Mont., years of contributions used are same as years of benefits used. Mich. excludes 1938 and a specified portion of benefits for the year ended Sept. 30, 1946; or last 5 years, whichever is to the employer's advantage (Mo.); or last 5 years under specified conditions (N.H.).

[3] Years immediately preceding or ending on computation date. In States noted, years ending 3 months before computation date (D.C., Fla., Md., and N.Y.) or 6 months before such date (Ariz., Calif., Conn., and Kans.).

[4] Whichever is lesser (Ark.); whichever resulting percentage is smaller (R.I.); whichever is higher (N.J.). Employers with 3 or more years' experience may elect to use the last year (Ark.).

TABLE 203.--TRANSFER OF EXPERIENCE FOR EMPLOYER RATES, 51 STATES [1]

State	Total Transfers		Partial Transfers			Rate for successor [2]	
	Mandatory (36 States)	Optional (15 States)	Mandatory (11 States)	Optional (28 States)	Enterprise must be continued (26 States)	Previous rate continued (30 States)	Based on combined experience (21 States)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Ala.	X	. . . .	. . . .	X	. . . . .	. . . . .	X
Alaska [3]	X	. . . .	. . . .	. . . .	. . . . .	. . . . .	X
Ariz.	X	. . . .	. . . .	X	X	X	. . . . .
Ark.	X	. . . .	. . . .	X	X	X	. . . . .
Calif. [3]		X	. . . .	X	X	. . . . .	X
Colo.	X [4]	. . [5] .	. . . .	. . [5] .	X	X [5]	. . . . .
Conn.	. . . .	X [5] [4]	. . . .	X [5]	. . . . .	X [5]	. . . . .
Del. [3]	. . . .	X [4]	. . . .	. . . .	X	. . . . .	X
D.C. [3]	X	. . . .	. . . .	X	X	X	. . . . .
Fla.	X	. . . .	. . . .	X	X	. . . . .	X
Ga.	X	. . . .	. . . .	X	X	. . . . .	X
Hawaii	. . . .	X	. . . .	. . . .	. . . . .	X	. . . . .
Idaho	. . . .	X [4]	. . . .	X [4]	X	. . . . .	X
Ill.	X	. . . .	. . . .	X	. . . . .	X	. . . . .
Ind.	X	. . . .	. . . .	. . . .	. . . . .	X	. . . . .
Iowa	X	. . . .	. . . .	X	X	. . . . .	X
Kans.	X	. . . .	. . . .	X	X	X	. . . . .
Ky.	X	. . . .	X	. . . .	. . . . .	X	. . . . .
La.	X	. . . .	X	. . . .	. . . . .	X	. . . . .
Maine	X	. . . .	. . . .	. . [6] .	. . . . .	. . . . .	X
Md.	X	. . . .	. . . .	X [6]	X	X	. . . . .
Mass.	X	. . . .	X	. . . .	X	. . . . .	X
Mich.	X	. . . .	. . . .	X	. . . . .	X	. . . . .
Minn. [3]	. . . .	X	. . . .	X	X	. . . . .	X
Miss.	X	. . . .	. . [7] .	X	X	X	. . . . .
Mo.	X	. . . .	X [7]	. . . .	X	. . . . .	X
Mont.	X [8]	. . . .	X [8]	. . . .	. . . . .	. . . . .	X
Nebr.	X	. . . .	. . . .	X	. . . . .	. . . . .	X
Nev. [3]	. . . .	X	. . . .	X	. . . . .	X	. . . . .
N.H.	X	. . . .	. . . .	X	X	X	. . . . .
N.J. [3]	X [9]	(9)	. . . .	X	X	X	. . . . .
N.Mex.	. . . .	X	. . . .	X [5]	. . . . .	X	. . . . .
N.Y.	X	. . . .	X	. . . .	X	. . . . .	X
N.C.	. . . .	X	. . . .	X	. . . . .	X	. . . . .
N.Dak.	. . . .	X	. . . .	. . . .	. . . . .	X	. . . . .
Ohio	X	. . . .	X	. . . .	X	X	. . . . .
Okla.	X	. . . .	. . . .	X	X	. . . . .	X
Oreg.	X	. . . .	. . . .	. . . .	. . . . .	X	. . . . .
Pa.	(9)	X [9]	(9)	X [9]	X	X	. . . . .
R.I.	. . . .	X	. . . .	X [7]	. . . . .	X	. . . . .
S.C.	X	. . . .	. . . .	X	X	. . . . .	X
S.Dak.	. . . .	X	. . . .	. . . .	. . . . .	. . . . .	X
Tenn.	. . . .	X	. . . .	X	X	. . . . .	X

(Table continued on next page)

TABLE 203.--TRANSFER OF EXPERIENCE FOR EMPLOYER RATES, 51 STATES[1/] (CONTINUED)

State	Total Transfers		Partial Transfers			Rate for Successor[2/]	
	Mandatory (36 States)	Optional (15 States)	Mandatory (11 States)	Optional (28 States)	Enterprise must be continued (26 States)	Previous rate continued (30 States)	Based on combined experience (21 States)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Tex.	. . . .	X	. . . . .	X	X	X[10/]	. . . . .
Utah	X	. . . . .	X	. . . .	. . . . .	X[10/]	. . . . .
Vt.	X	. . . . .	. . . . .	. . . .	X	. . . . .	X
Va.	X	. . . . .	. . . . .	. . . .	. . . . .	X	. . . . .
Wash.	X	. . . . .	X	. . . .	. . . . .	X	. . . . .
W.Va.	X	. . . . .	X[7/]	. . . .	. . . . .	X	. . . . .
Wis.	X	. . . . .	X	. . . .	. . . . .	. . . . .	X
Wyo.	X	. . . . .	. . . . .	. . . .	. . . . .	X	. . . . .

1/ Excluding P.R. which has no experience-rating provision.

2/ Rate for remainder of rate year for a successor who was an employer prior to acquisition.

3/ No transfer may be made if it is determined that the acquisition was made solely for purpose of qualifying for a reduced rate (Alaska, Calif., and Nev.); if purpose was to avoid rate higher than 2.7% or if transfer would be inequitable (Minn.); or if total wages allocable to transferred property are less than 25% of predecessor's total (D.C.); unless agency finds employment experience of the enterprise transferred may be considered indicative of the future employment experience of the successor (N.J.).

4/ Transfer is limited to one in which there is a substantial continuity of ownership and management (Del.); if there is 50% or more of management transferred (Colo.); if predecessor had a deficit experience-rating account as of last computation date, transfer is mandatory unless it can be shown that management or ownership was not substantially the same (Idaho).

5/ By regulation.

6/ Partial transfers limited to those establishments formerly located in another State.

7/ Partial transfers limited to acquisitions of all or substantially all of employer's business (Mo. and W.Va.); to separate establishments for which separate payrolls have been maintained (R.I.).

8/ Optional (by regulation) if successor was not an employer.

9/ Optional if predecessor and successor were not owned or controlled by same interest and successor files written notice protesting transfer within 4 months; otherwise mandatory (N.J.); transfer mandatory if same interests owned or controlled both the predecessor and the successor (Pa.).

10/ A rated (qualified) employer pays at previously assigned rate; an unrated but subject employer pays at a rate based on combined experience.

TABLE 204.--EMPLOYERS CHARGED AND BENEFITS EXCLUDED FROM CHARGING, 49 STATES WHICH CHARGE BENEFITS OR BENEFIT DERIVATIVES

State	Base-period employers charged			Benefits excluded from charging			Major disqualification involved		
	Proportionately (27 States)	In inverse order of employment up to amount specified (12 States[2])	Employer specified (10 States)	Federal-State extended benefits (24 States)	Benefit award finally reversed (28 States)	Reimbursements on interstate claims (24 States)	Voluntary leaving (36 States)	Discharge for misconduct (34 States)	Refusal of suitable work (11 States)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Ala.[1]	X	. . . . .	. . . . .	. . . .	X	. . . . .	X	X[3]	. . . . .
Ariz.	X	. . . . .	. . . . .	. . . .	X	X[10][13]	X[4]	X	. . . . .
Ark.	X	. . . . .	. . . . .	X	. . . . .	X	X	X	. . . . .
Calif.	X	. . . . .	. . . . .	X	X	. . . . .	X[4]	X	. . . . .
Colo.	. . . .	1/3 wages up to 1/2 of 26 x current wba	. . . . .	. . . .	X	X	. . . .	. . . . .	. . . . .
Conn.	. . . .	. . . . .	1 or 2 most recent[6]	X	. . . . .	. . . . .	X	X	X
Del.[1]	X	. . . . .	. . . . .	. . . .	. . . . .	X	X	X	. . . . .
D.C.	X	. . . . .	. . . . .	X	. . . . .	X	. . . .	. . . . .	. . . . .
Fla.	X[6]	. . . . .	. . . . .	. . . .	X	. . . . .	X	X	X[3]
Ga.	X	. . . . .	. . . . .	. . . .	X	X	(4)	. . . . .	X[3]
Hawaii	X	. . . . .	. . . . .	X	. . . . .	. . . . .	X	X	. . . . .
Idaho	. . . .	. . . . .	Principal[7]	X	X	X[10]	X	X	. . . . .
Ill.[1]	X	. . . . .	. . . . .	X	. . . . .	X[10]	. . . .	. . . . .	. . . . .
Ind.	X[7]	(7)	. . . . .	. . . .	. . . . .	. . . . .	. . . .	. . . . .	. . . . .
Iowa	. . . .	1/3 base-period wages	. . . . .	. . . .	X	X	. . . .	. . . . .	. . . . .
Kans.	X	. . . . .	. . . . .	X	. . . . .	X	X[3]	X[3]	. . . . .

(Table continued on next page)

TABLE 204.—EMPLOYERS CHARGED AND BENEFITS EXCLUDED FROM CHARGING, 49 STATES WHICH CHARGE BENEFITS OR BENEFIT DERIVATIVES (CONTINUED)

State	Base-period employers charged			Benefits excluded from charging			Major disqualification involved		
	Proportionately (27 States)	In inverse order of employment up to amount specified (12 States) [2]	Employer specified (10 States)	Federal-State extended benefits (24 States)	Benefit award finally reversed (28 States)	Reimbursements on interstate claims (24 States)	Voluntary leaving (36 States)	Discharge for misconduct (34 States)	Refusal of suitable work (11 States)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Ky.	X	. . . . .	. . . . .	. . . .	X	X [10]	X	X	. . . . .
La.	X	. . . . .	. . . . .	. . . .	. . . . .	. . [10] .	. . . .	. . . .	. . . . .
Maine	. . . .	. . . . .	Most recent [6]	X	. . . . .	X [10]	X	X	X [3]
Md.	([7])	. . . . .	Principal [7]	. . . .	. . . . .	. . . . .	. . . .	. . . .	. . . . .
Mass.	. . . .	36% of base-period wages.	. . . . .	X	. . . . .	. . . . .	X	X [4]	. . . . .
Mich.	. . . .	3/4 credit wks up to 35 [8]	. . . . .	X	. . . . .	X	X [8]	X [8]	X [8]
Minn.	X [9]	. . . . .	. . . . .	X	X	X	X	X	X [3]
Miss.	X	. . . . .	. . . . .	X	X	. . . . .	X	X	X [3]
Mo.	. . . .	1/3 base-period wages [6]	. . . . .	. . . .	X	. . . . .	X [4]	X	X
Mont.	. . . .	. . . . .	Most recent [6]	. . . .	X	. . . . .	X [4]	X	. . . . .
Nebr.	. . . .	1/3 base-period wages	. . . . .	. . . .	X	. . . . .	X	X	. . . . .
Nev.	X	. . . . .	. . . . .	X	. . . . .	X [10]	X	X	. . . . .
N.H.	. . . .	. . . . .	Most recent [6]	. . . .	. . . . .	X [10]	X	X	. . . . .

(Table continued on next page)

TABLE 204.--EMPLOYERS CHARGED AND BENEFITS EXCLUDED FROM CHARGING, 49 STATES WHICH CHARGE BENEFITS OR BENEFIT DERIVATIVES (CONTINUED)

State	Base-period employers charged			Benefits excluded from charging			Major disqualification involved		
	Proportionately (27 States)	In inverse order of employment up to amount specified (12 States)[2]	Employer specified (10 States)	Federal-State extended benefits (24 States)	Benefit award finally reversed (28 States)	Reimbursements on interstate claims (24 States)	Voluntary leaving (36 States)	Discharge for misconduct (34 States)	Refusal of suitable work (11 States)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
N.J.	X	3/4 base weeks up to 35[11]	. . . . .	. . . . .	X	. . . .	. . . .	. . . . .	. . . . .
N.Mex.	X	. . . . .	. . . . .	X	X	. . . .	X	X	. . . . .
N.Y.	. . . .	Credit weeks up to 26	. . . . .	. . . . .	. . . . .	. . . .	. . . .	. . . . .	. . . . .
N.C.	X	. . . . .	. . . . .	X	X	. . . .	X	X	. . . . .
N.Dak.	X	. . . . .	. . . . .	. . . . .	X	. . . .	. . . .	. . . . .	. . . . .
Ohio	. . . .	1/2 wages in credit weeks[12]	. . . . .	. . . . .	X	X	X[4]	X	X
Okla.[1]	X	. . . . .	. . . . .	. . . . .	X	. . . .	X	X	. . . . .
Oreg.	X	. . . . .	. . . . .	X	. . . . .	X[10]	X	X	. . . . .
Pa.	X	. . . . .	. . . . .	X	. . . . .	. . . .	X	X	. . . . .
R.I.	. . . .	3/5 weeks of employment up to 42	. . . . .	X	X	. . . .	X	X	. . . . .
S.C.	. . . .	. . . . .	Most recent[6]	X	X	X	X	X	X[3]
S.Dak.	. . . .	In proportion to base-period wages paid by employer	. . . . .	X	X	. . . .	X[4]	X	. . . . .

(Table continued on next page)

TABLE 204.--EMPLOYERS CHARGED AND BENEFITS EXCLUDED FROM CHARGING, 49 STATES WHICH CHARGE BENEFITS OR BENEFIT DERIVATIVES (CONTINUED)

State	Base-period employers charged			Benefits excluded from charging			Major disqualification involved		
	Proportionately (27 States)	In inverse order of employment up to amount specified (12 States)[2]	Employer specified (10 States)	Federal-State extended benefits (24 States)	Benefit award finally reversed (28 States)	Reimbursements on interstate claims (24 States)	Voluntary leaving (36 States)	Discharge for misconduct (34 States)	Refusal of suitable work (11 States)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Tenn.	X	. . . . .	. . . .	. . . . .	X	. . . .	X	X	. . . . .
Tex.[1]	X	. . . . .	. . . .	. . . . .	X	. . . .	X	X	. . . . .
Vt.	. . . .	. . . . .	Most recent[6]	. . . . .	. . . . .	X	X[4]	X	X
Va.[1]	. . . .	. . . . .	Most recent[6]	. . . . .	X	X	([4])	. . . .	. . . . .
Wash.	X	. . . . .	. . . .	. . . . .	. . . . .	X[10]	. . .	. . . .	. . . . .
W.Va.	. . . .	. . . . .	Most recent[6]	X	. . . . .	X	X	X	. . . . .
Wis.	. . . .	8/10 credit weeks up to 43	. . . .	X	X	. . . .	X[3]	. . . .	. . . . .
Wyo.	X	. . . . .	. . . .	X	X	X	X	. . . .	. . . . .

[1] State has benefit-wage-ratio formula; except in Tex. benefit wages are not charged for claimants whose compensable unemployment is of short duration (sec. 220.03).

[2] Limitation on amount charged does not reflect those States charging one-half of Federal-State extended benefits. For States that noncharge these benefits see Column 5.

[3] Half of charges omitted if separation due to misconduct; all charges omitted if separation due to aggravated misconduct (Ala.); omission of charge is limited to refusal of reemployment in suitable work (Fla., Ga., Maine, Minn., Miss., and S.C.); last employer from whom the claimant was separated under disqualifying circumstances (Kans.); after fourth week of benefits paid based on employment terminated (Wis.).

(Footnotes continued on next page)

(Footnotes for Table 204 continued)

4/ Charges are omitted also for claimants leaving for compelling personal reasons not attributable to employer and not warranting a disqualification, as well as for claimants leaving work due to a private or lump-sum retirement plan containing a mutually-agreed-upon mandatory age clause (Ariz.); for claimant who was a student employed on a temporary basis during the BP and whose employment began within his vacation and ended with his leaving to return to school (Calif.); for claimants who retire under an agreed-upon mandatory-age retirement plan (Ga.); for claimant convicted of a felony or misdemeanor (Mass.); for claimant leaving to accept a more remunerative job (Mo.); if left work due to pregnancy (Mont.); for claimant who left to accept a recall from a prior employer or to accept other work beginning within 7 days and lasting at least 3 weeks or for claimant who voluntarily left her employment because of pregnancy (Ohio); if benefits are paid after voluntary separation because of pregnancy or marital obligations (S.Dak.); if claimant's employment or right to reemployment was terminated by his retirement pursuant to an agreed-upon plan specifying mandatory retirement age (Vt.); if claimant left to move with spouse (Va.).

5/ 1 or 2 employers who employed claimant in 4 or more calendar weeks in 8 weeks prior to any compensable separation. 90 to 15% of charges are cancelled if employer rehires claimant after 1-6 weeks of benefits or claimant refuses offer of reemployment by employer charged.

6/ Charges are omitted for employers who paid claimant less than $40 (Fla); less than 8 times wba (S.C.); less than $595 (Vt.); or who employed claimant less than 30 days (Va.); or 5 weeks (Maine); not more than 3 weeks (Mont., by regulation); 4 consec. weeks (N.H.); or who employed claimant less than 3 weeks and paid him less than $120 (Mo.); or who employed claimant less than 30 days and also if there has been subsequent employment in noncovered work for 30 days or more (W.Va.).

7/ Employer who paid largest amount of BPW (Idaho); law also provides for charges to base-period employers in inverse order (Ind.); employer who paid 75% of BPW; if no principal employer, benefits are charged proportionately to all base-period employers (Md.).

8/ Benefits paid based on credit weeks earned with employers involved in disqualifying acts or discharges or in periods of employment prior to disqualifying acts or discharges are charged last in inverse order.

9/ An employer who paid 90% of a claimant's BPW in one base period is not charged for benefits based on earnings during a subsequent base period unless he employed the claimant in any part of such subsequent base period. Charges omitted for employers who paid claimant less than minimum qualifying wages.

10/ Charges omitted if claimant is paid less than minimum qualifying wages (Ariz., Ill., Maine, Nev., N.H., Oreg., Wash.); for benefits in excess of the amount payable under State law (Idaho, N.H. and Oreg.); and for benefits based on a period previous to the claimant's base period (Ky.).

11/ But not more than 50% of BPW if employer makes timely application.

12/ If claimant qualifies for dependents' allowances, 3/4 wages in credit weeks.

13/ By regulation.

TABLE 205.—FUND REQUIREMENTS FOR MOST AND LEAST FAVORABLE SCHEDULES AND RANGE OF RATES FOR THOSE SCHEDULES[1]

State (1)	Most favorable schedule: Fund must equal at least (2)	Most favorable schedule: Range of rates Min. (3)	Most favorable schedule: Range of rates Max. (4)	Least favorable schedule[2]: When fund balance is less than . . . . (5)	Least favorable schedule[2]: Range of rates Min. (6)	Least favorable schedule[2]: Range of rates Max. (7)
Ala.[3]	More than min. normal amount[9]	0.5	2.7	Min. normal amount[9]	0.5	3.6
Alaska[4]	Not specified	1.5	4.0	Not specified	1.5	4.0
Ariz.	8% of payrolls	0.1	(13)	3% of payrolls	(13)	2.9[13]
Ark.[12]	More than 5% of payrolls	0	2.5	2.5% of payrolls	0.2	4.0
Calif.	4.75% of payrolls	.1	3.1	4.75% of payrolls	1.7	4.1
Colo.	$100 million	0	3.6	$25 million	2.7	3.6
Conn.	4.25% of payrolls[2][5]	0.25	2.7	1.25% of payrolls[2]	2.1	2.7
Del.	$5 million	0.1	3.0	Not specified	0.5	4.5[6]
D.C.	4% of payrolls	0.1	2.7	2% of payrolls	2.7	2.7
Fla.[6]	More than 5% of payrolls	0	Not specified	4% of payrolls	Not specified	4.5[6]
Ga.	5.6% of payrolls	0.03	.81	3.4% of payrolls	.17	4.5
Hawaii[9]	1.5 x adequate reserve fund	0.2	3.0	$13 million	3.0	3.0
Idaho	5.75% of payrolls	0.3	2.1[16]	2.75% of payrolls	2.7	5.1
Ill.[3]	(10)	0.1	(10)	(10)	(10)	4.0
Ind.	More than $75 million	0.08	2.1	$75 million	2.7	3.1
Iowa	current reserve fund ratio	0	2.7	current reserve fund ratio	0	4.0
	3 x min. adequate reserve fund ratio			1.5 x min. adequate reserve fund ratio		
Kans.	11% of payrolls	0	1.5	4% of payrolls	0	2.7
Ky.[8]	(8)	0	3.2	(8)	2.7	4.2
La.	12.5% of payrolls	0.1	1.8	3.5% of payrolls	1.0	2.7
Maine[7]	over $40 million	0.5	3.1	$15 million	2.4	5.0
Md.	9% of payrolls	0.1	1.8	2% of payrolls	2.8	3.6
Mass.[12]	6.5% of payrolls	0.5	2.9	2.5% of payrolls	2.9	4.1
Mich.	$50 million	0	4.0	Size of fund index is 1.5% or more	2.0	6.6
Minn.	$200 million	0.1	Not specified	$130 million	0.7	4.5
Miss.[3]		0	Not specified	4% of payrolls	2.7	2.7
Mo.	7.5% of payrolls	0	2.5	Lesser of 2 x yearly contrib. or 2 x yearly bens. paid	0.5	4.1

(Table continued on next page)

TABLE 205.—FUND REQUIREMENTS FOR MOST AND LEAST FAVORABLE SCHEDULES AND RANGE OF RATES FOR THOSE SCHEDULES[1] (CONTINUED)

State	Most favorable schedule			Least favorable schedule[2]		
		Range of rates			Range of rates	
	Fund must equal at least	Min.	Max.	When fund balance is less than	Min.	Max.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Mont.[7]	Over $26 million	0.5	(13)	$18 million	Not specified	3.1[13]
Nebr.[4]	[4]			[4]		2.7
Nev.	Not specified	0.6	2.7	1 1/2 x max. annual bens. payable	0.6	3.0[14]
N.H.[7]	$50 million	.075	1.925	$20 million	1.3	4.3
N.J.	12.5% of payrolls	.04	1.9	2.5% of payrolls	2.8	4.6
N.Mex.	4% of payrolls	0.1	3.0	Between 2% and 3% of payrolls	2.7	3.6
N.Y.[2]	10% of payrolls	0	3.0	Less than 5% of payrolls and less than $12 million in fund	2.3	4.2[6]
N.C.	9.5% of payrolls	0.1	2.5	2.5% of payrolls	0.9	4.7
N.Dak.	9% of payrolls	0.3	4.2	3% of payrolls	2.7	4.2[15]
Ohio[9]	30% above min. safe level	0	3.6	60% below min. safe level	0.6	4.3
Okla.[2]	More than 3.5 x bens.	0.2	2.7	2 x average amount of bens. paid in last 5 yrs.	2.7	2.7
Oreg.[8]	190% of fund adequacy percentage ratio	0.8	2.7	Fund adequacy percentage ratio less than 100%	2.7	2.7
Pa.[6]		0.3	Not specified		Not specified	4.0[6]
R.I.[2]	9% of payrolls	1.0	2.8	4% of payrolls	2.2	4.0
S.C.	5% of payrolls	0.25	2.35	4% of payrolls	1.3	4.1
S.Dak.	More than $11 million	0	2.7	$5 million	4.1	4.1
Tenn.	$250 million	0.3	4.0	$165 million	0.75	4.0[16]
Tex.	Over $305 million[10]	0.1	2.7	$225 million	0.1	(10)
Utah	6% of payrolls	0.7	2.7	1.4% of payrolls	2.7	2.7
Vt.[9]	2.5 x highest ben. cost rate	0.1	2.7	Highest ben. cost rate	0.8	4.4
Va.[2][3]	7.25% of payrolls	0.05	1.56	5% of payrolls	Not specified	2.7
Wash.[11]		Not specified		3.5% of payrolls	Not specified	3.0
W.Va.[7]	$110 million	0	1.7	$60 million	2.7	3.3
Wis.[4]		0				4.4[12]
Wyo.[2]	More than 5% of payrolls	0	Not specified	3.5% of payrolls	2.7	2.7[6]

(Footnotes on next page)

(Footnotes for Table 205.)

1/ Excludes P.R. which has no experience-rating provision. See also Table 206.

2/ Payroll used is that for last year except as indicated: last 3 years (Conn.); average 3 years (Va.); last year or 3-year average, whichever is lesser (N.Y. and R.I.). Benefits used are last 5-year average (Okla.).

3/ 1 (Ala.) to 5 (Ill.) rate schedules but many schedules of different requirements for specified rates applicable with different State experience factors. In Miss., variations in rates based on general experience rate and excess payments adjustment rate. If the former is less than 0.5%, the latter is not added. In Va., an indefinite number of schedules; when fund falls below 5% of taxable payrolls, rates increased by 1/4 the difference between fund balance and 6% of taxable payrolls rounded to nearest 0.1%.

4/ No requirements for fund balance in law; rates set by agency in accordance with authorization in law.

5/ Secondary adjustment is made by issuance of credit certificates when fund exceeds 4.25% of 3-year payroll and contributions in last year exceed benefits by $500,000.

6/ Fund requirement is 1 or 2 of 3 adjustment factors used to determine rates. Such a factor is either added or deducted from an employer's benefit ratio (Fla.). In Pa., reduced rates are suspended for employers whose reserve account balance is zero or less. Rate shown includes the maximum contribution (a uniform rate added to employer's own rate) paid by all employers; in Del., 0.1 to 1.5% according to a formula based on highest annual cost in last 15 years; in N.Y., 0.1 to 1.0%. Rates shown for Fla., Pa., and Wyo. do not include additional uniform contribution paid by all rated employers to cover cost of noncharged and ineffectively charged benefits.

7/ Suspension of reduced rates is effective until next Jan. 1 on which fund equals $65 million (W.Va.); at any time, if agency decides that emergency exists (Maine and N.H.). In Mont., reduced rates are suspended when fund falls below $18 million for 2 years and remains suspended until fund returns to $26 million.

8/ Rate schedule applicable depends upon fund solvency factor. A 1 factor is required for any rate reduction and a 1.8 factor required for most favorable rate schedule (Ky.). Rate schedule applicable depends on fund adequacy percentage. Reduced rates suspended if fund adequacy percentage ratio is less than 100% (Oreg.).

9/ Minimum normal amount in Ala. is 1 1/2 x the product of the payrolls of any 1 of the most recent 3 years and the highest benefits payroll ratio for any 1 of the 10 most recent fiscal years. Adequate reserve fund defined as 1.5 x highest benefit cost rate during past 10 years multiplied by total taxable remuneration paid by employers in same year (Hawaii). Minimum safe level defined as 2 x the highest amount of benefits paid in any consecutive 12-month period preceding the computation date (Ohio). Highest benefit cost rate determined by dividing the highest amount of benefits paid during any consec. 12-month period in the past 5 years by total wages during the 4 calendar quarters ending within that period (Vt.).

10/ For every $7 million by which the fund falls below $450 million, State experience factor increased 1%; for every $7 million by which the fund exceeds $450 million, State experience factor reduced by 1% (Ill.). Each employer's rate is reduced by 0.1% for each $5 million by which the fund exceeds $300 million and increased by 0.1% for each $5 million under $225 million. Maximum rate, set by regulation, could be increased to 7.2% if fund is exhausted. The amount necessary in fund for most favorable schedule will be increased by $5 million each year until it reaches $325 million in 1976 (Tex.).

(Footnotes continued on next page)

(Footnotes for Table 205 Continued)

11/ Rates are reduced by distribution of surplus, but only if it is at least 0.1% of last year's remuneration; surplus is product of total remuneration paid during calendar year multiplied by 4% and subtracted from the fund balance. Surplus does not include amount in excess of 0.40% of total remuneration. Contributions reduced by credit certificates. If the credit certificates equal or exceed an employer's contributions for the next year, he has, in effect, a zero rate.

12/ Rate shown does not include a solvency contribution for the fund's balancing account which is based on the adequacy level of such account; however, if the reserve percentage is zero or more, the solvency contribution is diverted from the regular contribution (Wis.). Rate shown does not include additional tax of 0.1% payable by every employer to defray the cost of extended benefits (Ark.). Rate shown does not include additional solvency contribution of from 0.1% to 1.0% applicable when the reserve percentage in the solvency account is less than 0.5% (Mass.).

13/ Subject to adjustment in any given year when yield estimated on computation date exceeds or is less than the estimated yield from the rates without adjustment (Ariz.). Rates so fixed that they yield 1.5% of total payrolls except that when the fund goes below $18 million they're fixed to yield 2% of payrolls (Mont.).

14/ Applicable only to unrated employers. Rated employers have a maximum rate of 2.7%.

15/ 7.0% applicable to employers who elect coverage unless the employer qualifies for a rate less than the standard rate.

16/ No employer's rate shall be more than 3.0% if for each of 3 immediately preceding years his contributions exceeded charges (Tenn.). No deficit employer's rate can be reduced below 2.7% no matter what the status of the fund (Idaho).

TABLE 206.—FUND REQUIREMENTS FOR ANY REDUCTION FROM STANDARD RATE, 26 STATES[1]

State	Millions of dollars (7 States)	Multiple of benefits paid (2 States)		Percent of payrolls (16 States)	
		Multiple	Years	Percent	Years
(1)	(2)	(3)	(4)	(5)	(6)
Ariz.	. . . . .	. . . . .	. . . .	3	Last 1
Colo.	25	. . . . .	. . . .	. . . . .	. . . .
Conn.	. . . . .	. . . . .	. . . .	1.25	Last 3
D.C.	. . . . .	. . . . .	. . . .	2.4	Last 1
Hawaii	13	. . . . .	. . . .	. . . . .	. . . .
Idaho	. . . . .	. . . . .	. . . .	2.75	Last 1
Ind.	75	. . . . .	. . . .	. . . . .	. . . .
Iowa	. . . . .	1	Last 1	. . . . .	. . . .
Kans.	. . . . .	. . . . .	. . . .	4	Last 1
Ky.	. . . . .	. . . . .	. . . .	(2)	(2)
La.	. . . . .	. . . . .	. . . .	4.25	Last 1
Maine[1]	20	. . . . .	. . . .	. . . . .	. . . .
Md.	. . . . .	. . . . .	. . . .	2	Last 1
Mass.	. . . . .	. . . . .	. . . .	2.5	Last 1
Miss.	. . . . .	. . . . .	. . . .	4	Last 1
Mont.[1]	18	. . . . .	. . . .	. . . . .	. . . .
N.H.[1]	. . . . .	. . . . .	. . . .	. . . . .	. . . .
N.J.	. . . . .	. . . . .	. . . .	2.5	Last 1
N.Mex.	. . . . .	. . . . .	. . . .	2	Last 1
Okla.	. . . . .	2	Average of last 5.	. . . . .	. . . .
Oreg.[2]	. . . . .	. . . . .	. . . .	(2)	(2)
S.Dak.	5	. . . . .	. . . .	. . . . .	. . . .
Utah	. . . . .	. . . . .	. . . .	1.4	Last 1
Wash.	. . . . .	. . . . .	. . . .	3.5	. . . .
W.Va.[1]	60	. . . . .	. . . .	. . . . .	. . . .
Wyo.	. . . . .	. . . . .	. . . .	3.5	Last 1

[1] Suspension of reduced rates is effective until next Jan. 1 on which fund equals $65 million (W.Va.); at any time, if agency decides that emergency exists (Maine and N.H.). In Mont. reduced rates are suspended when fund falls below $18 million for 2 yrs. and standard rate remains in effect until fund returns to $26 million.

[2] Rate schedule applicable depends upon "fund solvency factor." A 1.0 factor required for any rate reduction (Ky.). Reduced rates suspended if fund adequacy percentage ratio is less than 100 percent (Oreg.).

TABLE 207.—BOND OR DEPOSIT REQUIRED OF EMPLOYERS ELECTING REIMBURSEMENT, 28 STATES

State	Provision is		Amount		Other (7 States)
	Mandatory (7 States)	*Optional* (21 States)	*Percent of total payrolls* (14 States)	*Percent of taxable payrolls*[1] (7 States)	
(1)	(2)	(3)	(4)	(5)	(6)
Ala.	X			[2]	
Alaska		X			[3]
Ariz.					
Ark.					
Calif.		X			[3]
Colo.		X		[2]	
Conn.		X[4]	[2]		
Del.					
D.C.		X	0.25		
Fla.					
Ga.		X[5]		2.7	
Hawaii	X		0.2		
Idaho		X			[2]
Ill.					
Ind.					
Iowa		X		2.7	
Kans.					
Ky.		X	2.0		
La.					
Maine		X	[6]		
Md.	X			2.7	
Mass.		X			[3]
Mich.					
Minn.					
Miss.		X		2.7	
Mo.					
Mont.					
Nebr.					
Nev.					
N.H.					
N.J.		X		1.0	
N.Mex.		X[4]			[3]
N.Y.					
N.C.					
N.Dak.					
Ohio	X		1.0[2]		
Okla.					
Oreg.	X		[2]		
Pa.	X		1.0		
P.R.					
R.I.					
S.C.		[4]	[4]		

(Table continued on next page)

TABLE 207.—BOND OR DEPOSIT REQUIRED OF EMPLOYERS ELECTING REIMBURSEMENT, 28 STATES (CONTINUED)

State	Provision is		Amount		Other
	Mandatory (7 States)	Optional (21 States)	Percent of total payrolls (14 States)	Percent of taxable payrolls[1] (7 States)	(7 States)
(1)	(2)	(3)	(4)	(5)	(6)
S.Dak.	. . . . .	X	. . . . .	. . . . .	[3]
Tenn.	. . . . .	. . . . .	. . . . .	. . . . .	. . . .
Tex.	. . . . .	X	[6]	. . . . .	. . . .
Utah	. . . . .	X	1.0	. . . . .	. . . .
Vt.	. . . . .	. . . . .	. . . . .	. . . . .	. . . .
Va.	. . . . .	X	[2]	. . . . .	. . . .
Wash.	. . . . .	X	2.4	. . . . .	. . . .
W.Va.	. . . . .	. . . . .	. . . . .	. . . . .	. . . .
Wis.	X	. . . . .	4.0[2]	. . . . .	. . . .
Wyo.	. . . . .	X	. . . . .	. . . . .	[3]

[1] First $4,200 of each worker's annual wages.

[2] Amount determined by director not to exceed 3.0% (Ala.); 3 x amount of regular and extended benefits paid based on service within past 3 years not to exceed 3.6% nor less than 0.1% (Colo.); amount determined by administrator not to exceed 2.7% (Conn.); amount determined by director on basis of potential benefit cost (Idaho); but not less than $5,000 nor more than $500,000 (Ohio); amount of bond discretionary or deposit equal to 0.5% of total wages but not less than $100 (Oreg.); percent determined by commission based on total wages for preceding year (Va.); but not less than $1,000 (Wisc.).

[3] Specifies that amount shall be determined by regulation (Alaska, Calif., S.Dak., and Wyo.); no amount specified in law (Mass. and N.Mex.).

[4] If administrator deems necessary because of financial conditions (Conn.); only for nonprofit organizations whose elections have been terminated for delinquent payments (N.Mex.); commission may adopt regulations requiring bond from nonprofit organizations which do not possess real property and improvements valued in excess of $2 million; regulation requires bond or deposit of minimum of $2,000 for employers with annual wages of $50,000 or less, for annual wages exceeding $50,000, an additional $1,000 bond required for each $50,000 or portion thereof (S.C.).

[5] Exempts nonprofit institutions of higher education from any requirement to make a deposit.

[6] By regulation; not less than 2.0% nor more than 5.0% of total wages (Maine); higher of 5.0% of total anticipated wages for next 12 months or amount determined by the Commission (Tex.).